
WPP AUNZ ASX Connect Series

15 May 2018



connected
know
how

know more. do more. be more.

Introduction

- WPP AUNZ – Listed in 1993. We are Australasia’s largest marketing communications services group.
- Majority shareholder in WPP plc, the world leader in marketing communications.
- We believe that Ideas Create Growth.
 - We apply a range of marketing communications tools to help our clients achieve real growth – in a challenging marketplace, where real growth is increasingly difficult to find.
- Our business objective is to service 100% of a client’s customer experience needs.
- Group comprises 80 companies, each has its own distinctive brand and identity. Each offers its own unique expertise to its clients.
- We call our way of working ‘connected know-how’ and it is how we have been driving WPP’s strategy of horizontality.
- Horizontality is about driving collaboration across the Group to the benefit of our clients as well as our people.
 - Mixing together the best talent from across our 5,500 people results in far stronger ideas, far better execution and the best ways of reaching our clients’ customers.
- In the end, our role is to find the best and most effective ways to communicate to consumers on our clients’ behalf: to market their products and services successfully and to do it in a way that benefits the economy, benefits our people and reinforces our clients’ decision in having chosen WPP AUNZ.



1. Big at home

Maintaining leadership in our core businesses of media, advertising and PR.



2. Future-proof

Future-proof the group through technology, data, content, mobile and proprietary offerings.

WPP AUNZ Strategy is to
deliver 100%
of a client's customer
experience budget



3. Leverage the power of WPP

Leveraging WPP's IP, tools, expertise in data management, digital and research.



4. Drive horizontality

Driving collaboration and horizontality across our group for the benefit of our people, our companies and our clients.

Bringing together the best knowledge, thinking and talent to meet our clients' challenges with bigger, better and smarter ideas.



Harnessing the knowledge and expertise of our 5,500 people who collectively work across multiple disciplines for every major client and category in the market.

Connected know-how



Our companies and people are able to play on a bigger stage – accessing opportunities, and realising ideas that are only possible when you're part of something bigger.



The scale and diversity of our group creates unlimited opportunities for growth for our people, our companies and our clients – allowing them to realise their full potential.

WPP AUNZ - 2017 Full Year Results

KEY MEASURES	31 December 2017	
Net Sales	\$869.9m (31 Dec 2016: \$864.9m)	Net Sales increase of 0.6% against 2016. Delivered against soft macro conditions and flat media market
Earnings Before Interest and Tax	\$138.7m (31 Dec 2016: \$141.6m)	2.1% decline in EBIT against 2016. Digital, Media and Advertising segments delivered strong earnings performance. Decline in Data Investment Management and Production.
Net Sales Margin	15.9% (31 Dec 2016: 16.4%)	Margin decline on 2016. Right sizing cost base of underperforming units.
Profit Before Tax	\$125.0m (31 Dec 2016: \$121.3m)	3.1% growth in PBT driven by better cash collection and improved debt margin driving a decrease in interest expense
Earnings Per Share	9.8 cents (31 Dec 2016: 9.5 cents)	3.1% growth in EPS
Dividends Per Share	6.3 cents (31 Dec 2016: 6.0 cents)	Final dividend of 4.2 cents per share (2016:3.9 cents), fully franked. Payout ratio of 64% of earnings (2016: 63%) In line with targeted dividend payout ratio of 60% to 70% of earnings
Leverage Ratio (Net debt / EBITDA)	1.6x (31 Dec 2016: 1.9x)	Leverage ratio within targeted range of 1.5x to 2.0x. Strong operating cash flow drives debt reduction

Full Year Results by Segment – 31 December 2017

\$AUD'M	Net Sales	Headline PBIT	Headline Margin	Key Drivers
	2017	2017	2017	
Advertising, Media Investment Management	485.8	79.1	16.3%	<ul style="list-style-type: none"> • Media growth driven by strong new business performance. • Integrated agency model still resonating with clients
Data Investment Management	99.5	19.9	20.0%	<ul style="list-style-type: none"> • Impact of clients losses • Margin impacted by investment in developing deeper capabilities in online panels.
Public Relations & Public Affairs	57.9	9.3	16.1%	<ul style="list-style-type: none"> • Performance impacted by client losses in a specific business. • Cost control has enabled the margin to be maintained.
Branding & Identity and Specialist Communications	226.7	30.4	13.4%	<ul style="list-style-type: none"> • Digital businesses performing strongly delivering digital marketing transformation. • Underperformance in production businesses.
Total	869.9	138.7	15.9%	

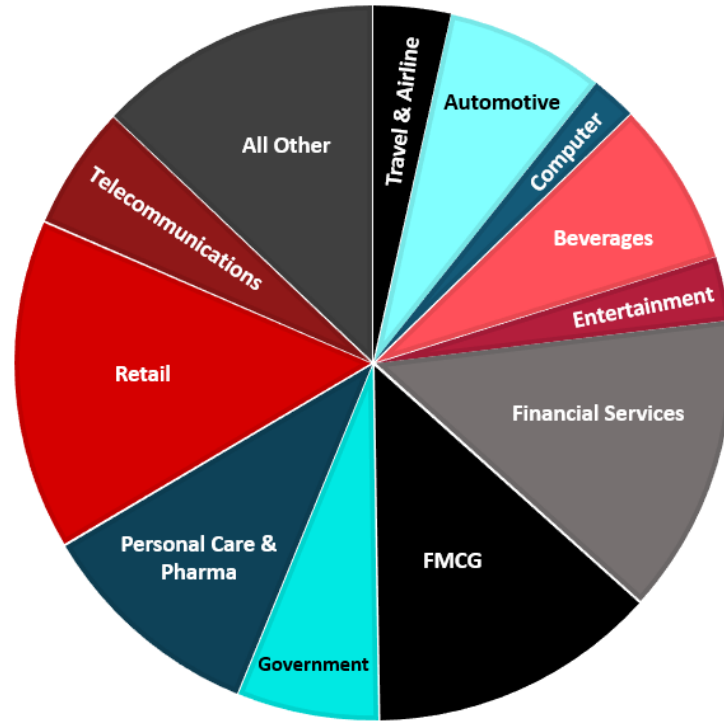
Diversified portfolio of clients and service offerings

Multiple Client Engagements

Average of 11 Touchpoints
- **Top 50 Clients**
(2017: Average of 9 Touchpoints)

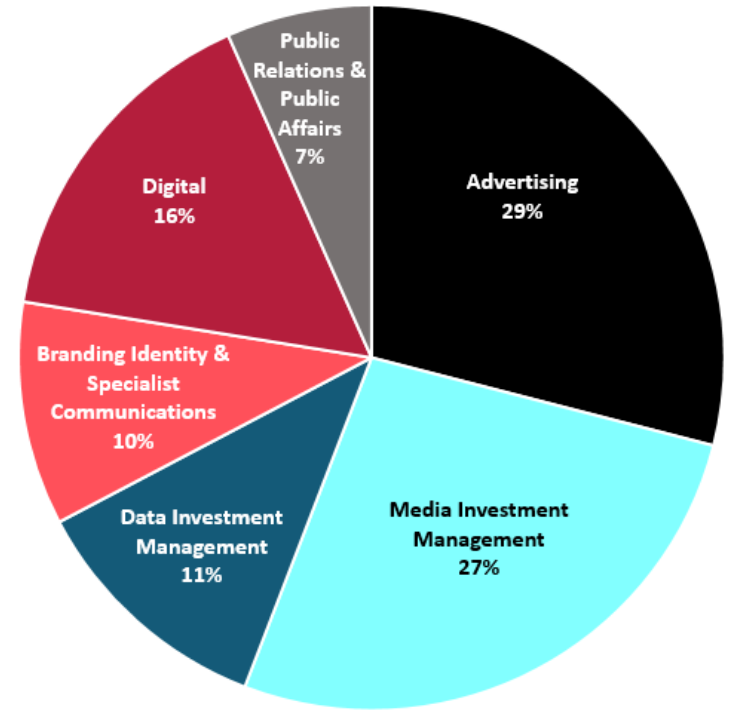
Diverse Client Industry Base

Net Sales by Industry



Multiple Service Offerings

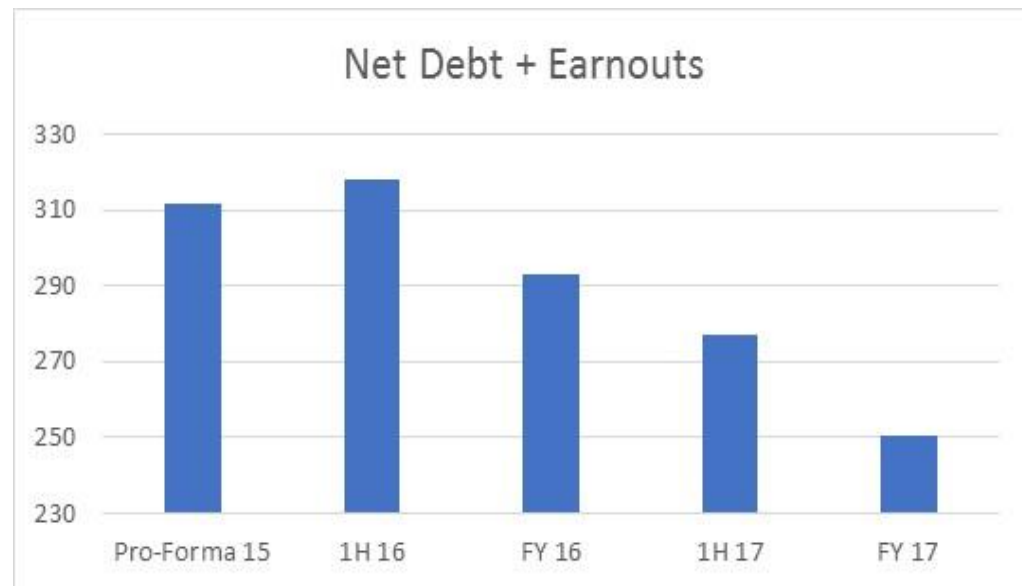
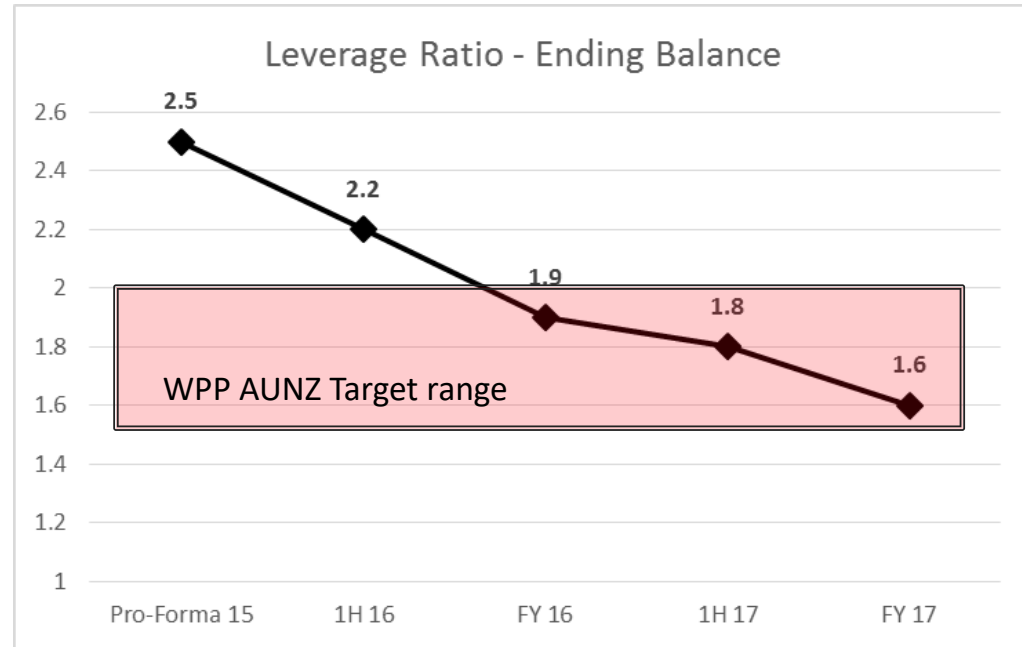
Net Sales by Segment



Debt Facilities and Gearing

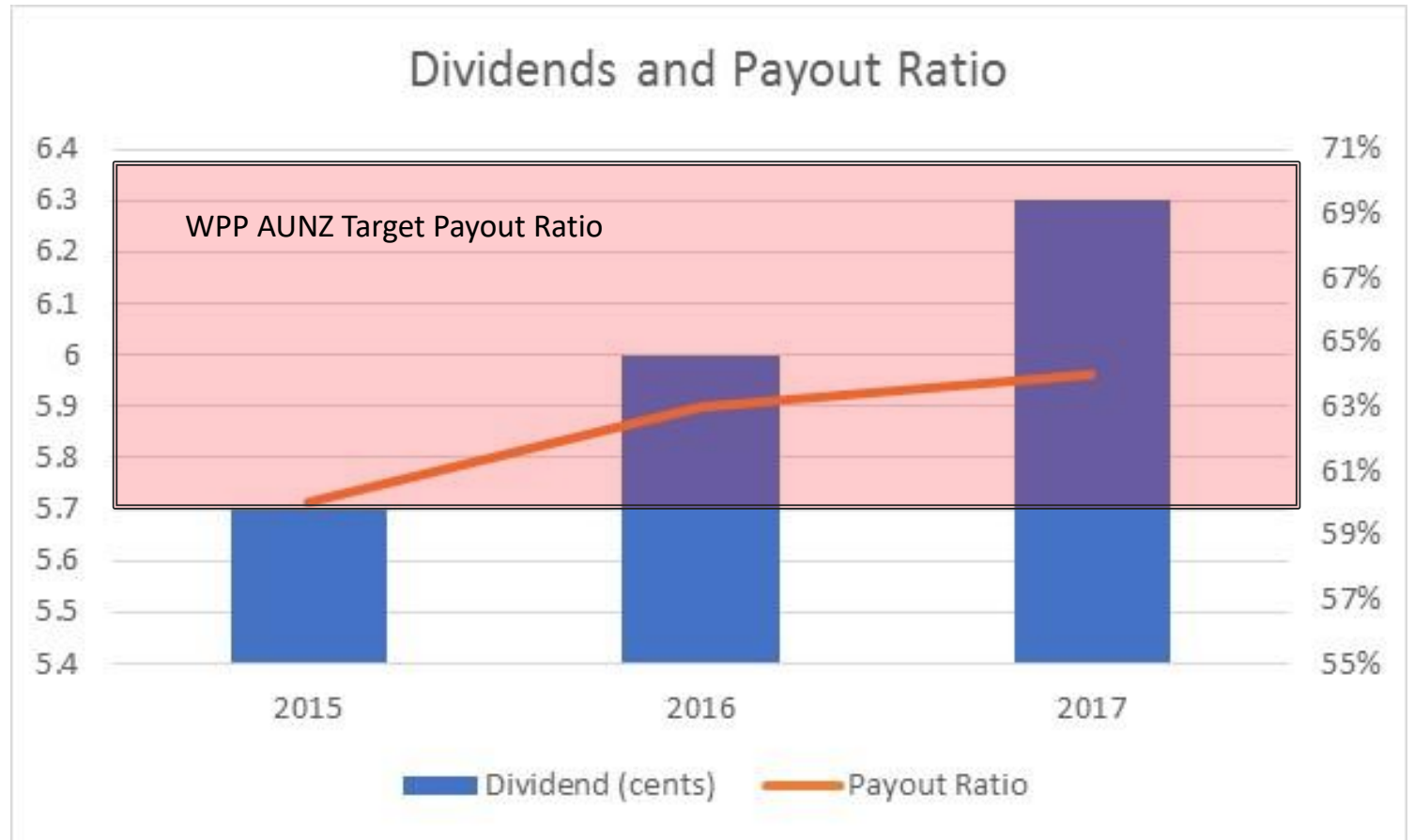
Australia Core Debt Facilities at 31 December 2017

- Access to debt facilities of \$520 million
- Conscious strategy of single maturity in April 2019. Syndicate of 6 banking partners
- Leverage ratio of 1.6x at 31 December 2017 (1.9x at 31 December 2016) - within targeted leverage ratio of 1.5x to 2.0x
- Leverage ratio calculated as Net debt plus earnouts / EBITDA



Dividends and Payout Ratio

- Strong cash generative business
- Dividend payout ratio between 60% to 70% of earnings
- Growth in dividends and payout ratio since merger
- Yield circa 7%, fully franked

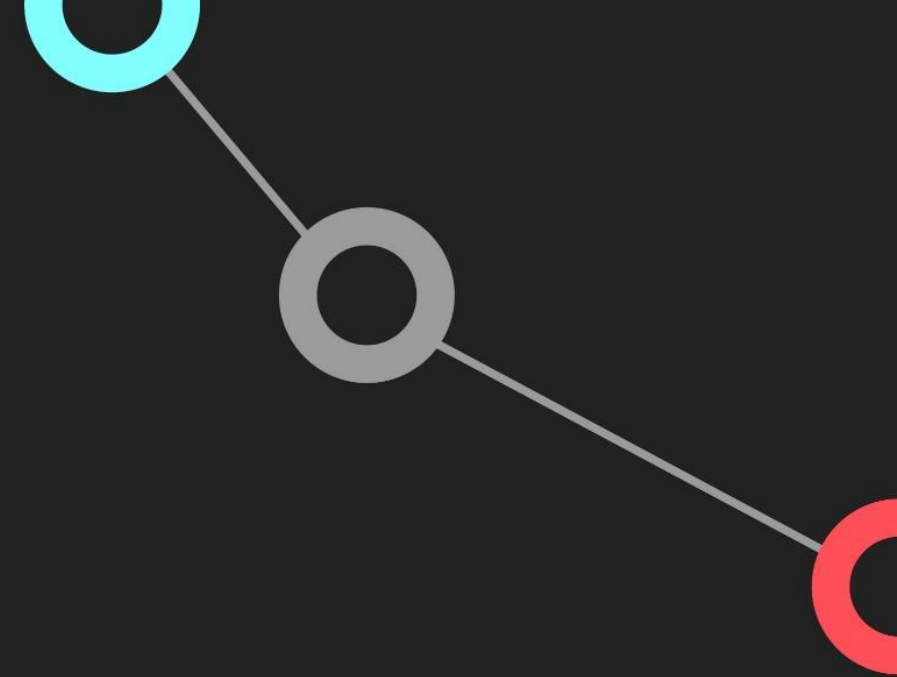


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Summary and Outlook

- Overall market conditions in 2018 are expected to be flat with varied performance in individual segments:
 - Media market driven by digital and outdoor.
 - Challenging market for retail and consumer facing brands.
 - High growth in ecommerce, digital transformation and marketing infrastructure.
- Focus on unlocking organic revenue growth
 - Better connectivity across the group to unlock value for all businesses
 - Driving Horizontality – team models gaining traction in market
- Investing for future growth
 - Investment in our people and culture
 - Focused investment in production
- Continue to optimise and strengthen portfolio
- Focus on execution of cost initiatives and margin improvement
- In FY2018, WPP AUNZ expects to deliver circa. 3% growth in earnings per share.
- Strength of cashflow, low capex needs and continuing debt reduction expected to drive increased dividends

Q&A



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